

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

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R 281240Z JUL 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 8340

INFO OECD PARIS 3152

C O N F I D E N T I A L TEHRAN 7658

DEPARTMENT PLEASE PASS OTHER INTERESTED POSTS

E.O. 11652: GDS

TAGS: OECD, CIEC, EGEN, ETRD, EFIN, EAID, ENRG

SUBJ: U.S. REPRESENTATIONS ON CIEC: VIEWS OF MOHAMMED

YEGANEH, PRINCIPAL IRANIAN DELEGATES

REF: STATE 181094

1. E/C COUNSELOR CALLED ON PRINCIPAL IRANIAN DELEGATE TO CIEC, MINISTER OF STATE MOHAMMED YEGANEH, JULY 28 PURSUANT TO INSTRUCTION GIVEN IN REFTEL. YEGANEH HAD RETURNED TO TEHRAN ONLY THE PREVIOUS DAY. EMBOFF GAVE YEGANEH USG VIEWS AS SET FORTH IN REFTEL, LAYING STRESS UPON OUR STRONG DESIRE TO FIND A WAY OUT OF THE IMPASSE AND TO MOVE AHEAD CONSTRUCTIVELY WITH THE NORTH/SOUTH DIALOGUE. YEGANEH SAID THAT HE REGARDED THE CONFLICT OVER DEBT AND PROTECTION OF PURCHASING POWER AS SYMPTOMS OF MORE FUNDAMENTAL MALAISE WHICH HE SEEMED TO THINK AFFLICTED THE INDUSTRIALIZED COUNTRIES. HE DESCRIBED THIS MALAISE AS AN EVIDENT LACK OF POLITICAL WILL, AT LEAST AS HE SEES IT THUS FAR, BY THE DC'S
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TO COME TO GRIPS WITH THE PROBLEMS OF THE LDC'S. IT IS BY

NOW WELL KNOWN, HE SAID, WHAT IS REQUIRED AND IF THE DC'S CANNOT MANIFEST THE RESOLUTION REQUIRED TO DEAL WITH THE ISSUES, THEN IT IS BEST FOR THE LDC'S AND DC'S "TO GO HOME" IN AS AMICABLE A FRAME OF MIND AS POSSIBLE. HE REMARKED THAT THE SHAH KEEPS ASKING HIM WHAT CONCRETE RESULTS ARE GOING TO COME OUT OF THE CIEC AND STONGLY IMPLIED THAT HE HAS HAD LITTLE OF SUBSTANCE TO TELL THE SHAH ON THIS POINT. HE WAS FRANK TO SAY THAT HE FINDS THE U.S. POSITION ON DEBT, EVIDENTLY AS FORMULATED BY THE U.S. TREASURY, AS ALTOGETHER UNYIELDING AND THAT THE U.S. SEEMS NOT PREPARED TO TAKE EVEN ONE SMALL STEP FORWARD ON THIS ISSUE. WHILE SOME EC COUNTRIES MORE OR LESS FOLLOW THE U.S. LINE ON THE DEBT QUESTION, BY NO MEANS ARE ALL EC COUNTRIES AS HARDLINE AS IS THE U.S. YEGANEH SEEMED MILDLY DEPRESSED THAT THE DEBT QUESTION IS EVOLVING IN THE CIEC IN THE SAME WAY AS IT DID IN UNCTAD IV. HE HAD HOPED FOR AT LEAST SOME MINIMUM FORWARD MOTION ON THIS QUESTION. HE CONCLUDED HIS OVERVIEW REMARKS WITH THE THOUGHT THAT THE U.S. IN CIEC WAS MOVING TO AND FRO IN A "LAME DUCK" CONTEXT. HE FELT THAT THE U.S. WAS PREOCCUPIED, PROBABLY QUITE LEGITIMATELY, WITH THE NOTION THAT ITS COMMITMENTS IN THE CIEC MIGHT BE MODIFIED OR DISREGARDED BY A NEW U.S. ADMINISTRATION.

2. TURNING MORE SPECIFICALLY TO THE DEBT QUESTION, HE SAID THAT WITH THE DC'S AS WHOLE FACED WITH 150/160 BILLION IN DEBT, IT SHOULD BE OVIOUS THAT SOMETHING HAS TO BE DONE. HE SAID THAT THE U.S. INTERPRETATION OF "FEATURES" OF AN ACUTE DEBT CRISIS AND OUR OPPOSITION TO ANY TIE BETWEEN "FEATURES" AND ELIGIBILITY FOR DEBT RELIEF IS TOO RESTRICTIVE AND ONE OF THE MAJOR STUMBLING BLOCKS. IT WAS CLEAR FROM HIS REMARKS THAT IRAN IS QUITE SYMPATHETIC ACROSS THE BOARD TO THE G-19 VIEW ON DEBT RELIEF.

3. ONT THE SUBJECT OF PROTECTION OF PURCHASING POWER FOR LDC ENERGY AND COMMODITY EXPORTERS, HE WONDERED WHETHER THE G-8 IS REALLY PREPARED AT THIS TIME TO FACE UP TO THIS PROBLEM. APPARENTLY, MORE FLEXIBLE ON THIS ISSUE AND LESS DISPOSED TO BUY IN TOTO G-19 LANGUAGE ON SAME. YEGANEH SAID THAT IRAN COULD ACCEPT EITHER THE G-8 OR G-19 VERSION OF THE GUIDELINES FOR THE CIED'S WORK PROGRAM IN THIS AREA. NONE-CONFIDENTIAL

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THELESS, HE COULD NOT READTY UNDERSTAND WHY THE G-8 OPPOSE INCLUSION OF THE WORD "PROTECTION" WHEN IT IS CLEAR THAT THE WHOLE QUESTION OF MAINTENANCE OF VALUE WILL BE THE MOST IMPORTANT ASPECT OF THIS GENERAL PROBLEM. HE CONCEDED THAT THE ENERGY COMMISSION HAD VERY LITTLE TO OFFER BY WAY OF RESOLVING THE IMPASSE BUT WENT ON TO SAY THAT THE G-8, AND PARTICULARLY THE U.S., APPARENTLY NEED SOME SORT OF PERSUASIVE ARGUMENT TO CONVINCe THEM THAT IT IS IN THEIR INTEREST

TO GET AGREEMENT ON THIS ISSUE. YEGANEH SAID HE WAS CONVINCED THAT THE GUIDELINES AS PUT FORWARD BY THE G-19 WOULD MAKE FOR A WORK PROGRAM WHICH COULD VERY WELL LAY THE BASIS FOR MORE ORDERLY PRICE MOVEMENTS FOR OIL AND COMMODITIES THAN HAS BEEN THE CASE SO FAR. HE SPECIFICALLY SAID THAT HE UNDERSTOOD PERFECTLY WELL THAT THE RAPIDITY OF THE RUN-UP IN OIL PRICES IN 1974 HAD BEEN VERY DISCOMFETING FOR THE WEST. LDC/DC AGREEMENT ON PROTECTION OF PURCHASING POWER MIGHT WELL IN TIME PROVIDE A MECHANISM FOR RESTRAINING TOO RAPID UPWARD PRICE SPIRALS.

4. EMBOFF FOUND YEGANEH HIS USUAL SOFT-SPOKEN, LOW KEY SELF BUT NOT AT ALL SANGUINE ON CIEC'S FUTURE. WHEN ASKED WHAT HE THOUGHT COULD BE DONE, TO REACH A COMPROMISE BETWEEN NOW AND SEPTEMBER, YEGANEH REPLIED: "WITH SOME EFFORT, THE SITUATION CAN BE SAVED", BUT ADDING LATER THAT THESE EFFORTS MUST COME MAINLY FROM THE G-8 GROUP. HE READILY CONCEDED THAT THE G-19 (NOTABLY JAMAICA, NIGERIA AND ALGERIA) IS OCCASIONALLY TOO RIGID AND SOMETIMES EMPLOYS NEEDLESS "REVOLUTIONARY" RHETORIC.

5. EMBASSY IS LEFT WITH SUSPICION THAT, JUDGING FROM TENOR OF YEGANEH'S REMARKS AND STONY SILENCE WHICH GREETED EMBOFF'S ASSURANCES ON STRONG U.S. DESIRE FOR AGREEMENT, YEGANEH MAY BE BEGINNING TO HAVE DOUBTS ABOUT OUR SINCERITY OF PURPOSE IN PARIS.
HELMS

NOTE BY OC/T: NOT PASSED.

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